

# Per Call Compensation Fraud Leads to Prison for PSP

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We took a holiday break, and now we have a large backlog of entries for you. To begin, we have an unusual item to cover. This blog, of course, deals with telecom enforcement. Usually, that means fines for failure to comply with various regulatory requirements and filing obligations. This item is a reminder that some violations result in criminal penalties also.

The basis for this post is a recent report that a [payphone service provider was sentenced to three months in jail](#) for fraudulently collecting FCC-mandated per-call compensation for dial around calls. The background, and the story are discussed below.

The Telecommunications Act of 1996 added (among other things) a new Section 276 to the Communications Act mandating that the FCC establish a per call compensation plan to ensure PSPs are fairly compensated for each and every completed interstate call from their phones. Implementing this provision, Section 64.1300 of the FCC's rules mandates that, in the absence of an agreement between the parties, PSPs are entitled to per-call compensation (PCC) for completed dial around calls. The current PCC rate is 49.4 cents per call. A completed call to 800-Flowers, for example, earns the PSP 49.4 cents from the long distance carrier completing the call.

With this background, enters the PSP here, Nicolaos Kantartzis. Kantartzis owned a number of payphones in suburban Maryland. Kantartzis programmed his payphones to make toll-free calls to various numbers. With each completed call, Kantartzis collected nearly 50 cents from carriers completing the calls. According to prosecutors, Kantartzis collected nearly \$4 million for calls completed calls made in this scheme.

Kantartzis pleaded guilty to fraud charges stemming from the scheme. Last week, he was sentenced to three months in prison for the crimes.